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# *Central Intelligence Bulletin*

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Communist China - Burma: Peking has officially charged the Burmese Government with responsibility for the anti-Chinese riots which are continuing in Rangoon.

In defiance of a government ban on demonstrations, a mob of several thousand yesterday stormed into the Chinese Embassy compound; eyewitnesses claim that several Burmese were killed. There have also been numerous fatalities among Rangoon's Overseas Chinese in the riots of the last several days.

A Chinese Foreign Ministry protest note of 28 June asserted that the Burmese Government "instigated" the riots and demanded that Burma ensure the safety of Chinese nationals and diplomats in Rangoon. The Chinese Government also protested the alleged slaying of a Chinese technician on 28 June.

Although sharply worded, the protest does not spell out what retaliatory measures might be taken and seems to suggest that Peking hopes to avoid a severe disruption in its relations with Burma. The attack on the embassy compound yesterday, however, may lead to further Chinese diplomatic pressure on the Ne Win regime.

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South Korea: The government's present domestic and international policies will not be affected by the cabinet changes announced yesterday by President Pak Chong-hui.

Pak retained the old cabinet virtually intact, changing only the posts of foreign affairs, home affairs, and agriculture and forestry. All three new ministers are experienced administrators with long records of public service. None has a record of close alignment with any of the major political factions within the regime.

These changes probably were the minimum that Pak believed necessary to quiet public dissatisfaction over irregularities in the recent National Assembly elections. Following the sweeping victories of the government in the Assembly and presidential elections earlier this year, expected changes in the cabinet became the focus of maneuvering between government party Chairman Kim Chong-pil's supporters, seeking to expand their influence in the administration, and rival elements largely centered in the government. Pak's handling of the cabinet changes emphasizes once again his stress on maintaining the factional balance in his regime to assure his control.

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Panama: [President Robles' announcement of the new draft canal treaties has caught the opposition off guard.]

[Some of his most influential critics, who have been predicting that his conduct of the negotiations would never produce results, have been undercut. Nevertheless, they can be expected to attack his plan to hold the texts secret for three or four weeks. During that time, while the foreign relations council is studying the drafts, Robles wants to invite all of Panama's former presidents--including opposition leader Arnulfo Arias--to a briefing on the treaties.]

[One unexpected gain for Robles has been a shift in attitude by two prominent and ultranationalistic Panamanian officials who now say they believe the treaties are good and will be approved by the National Assembly. One of the men, Ernesto Castillero Pimentel, the Foreign Ministry director of the special negotiating mission, has some degree of influence among university students. He may have some success in countering efforts by Communist-led extremists to stir up opposition to ratification.]

[Robles plans to call a special session of the National Assembly sometime between 20 July and 1 August to ratify the treaties. Before then, he is likely to try to consolidate his support in the legislature and launch a propaganda campaign to secure public acceptance of the treaties.]

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Uruguay: The Gestido government is faced with a cabinet crisis after less than four months in office.

The finance minister, a member of President Gestido's faction of the ruling Colorado Party, has resigned because of criticism from Jorge Batlle, the leader of the largest faction. Gestido has retaliated by forcing the resignation of two cabinet members who belong to the Batlle group. He is now apparently anticipating governing without Batlle's help and has filled the three vacancies with minority Colorado leaders. Two of these leaders are known for their leftist and nationalistic tendencies and for their advocacy of "statist" solutions to economic problems.

The focal point of the controversy is a bill which was intended to revive Uruguay's stagnating economy. The President has removed key sections of the bill that he thought were too controversial to be passed by Congress, but even the watered-down remainder is in difficulty. Batlle considers it inadequate and believes that he can further his presidential ambitions and add luster to his image by publicly pointing out the bill's faults and embarrassing President Gestido.

Intraparty wrangling is endemic in Uruguay. Even should the current fight be patched up there is no guarantee that the government will have the will or the ability to push urgently needed economic reform measures through a Congress in which the Colorado majority is split between six disparate factions.

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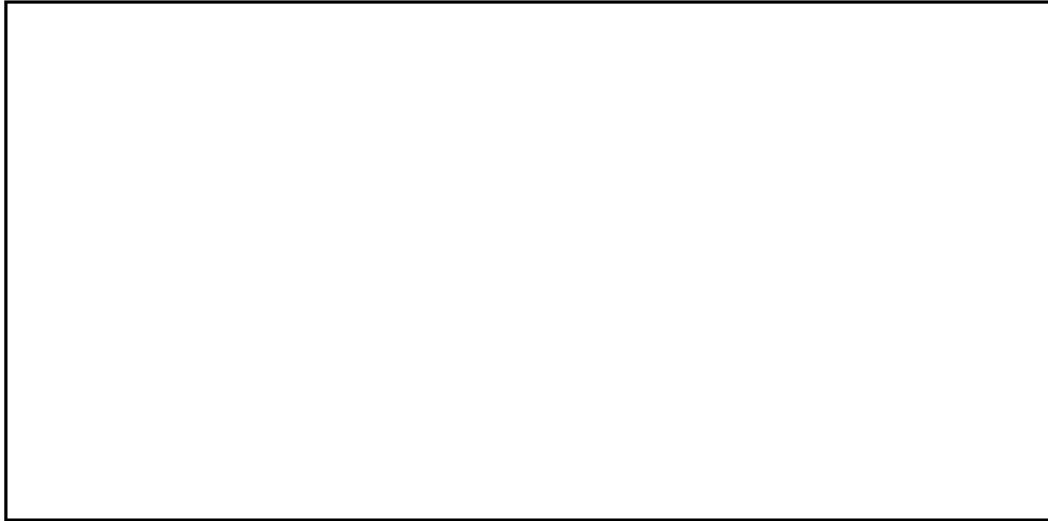
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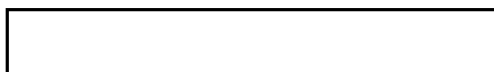
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